

Senate File 265 - Introduced

SENATE FILE 265

BY ZAUN

A BILL FOR

1 An Act regulating consumable hemp products, including by
2 providing for in-person, face-to-face sales, and including
3 effective date provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 204.7, subsection 8, paragraphs b and c,
2 Code 2023, are amended to read as follows:

3 b. A person manufacturing a consumable hemp product in this
4 state shall register with the department of inspections and
5 appeals on a form prescribed by the department of inspections
6 and appeals ~~by rule~~. The registration form and information
7 required to be included on the registration form shall be
8 prescribed by rules adopted by the department of inspections
9 and appeals. The department of inspections and appeals may
10 impose a fee, established by the department of inspections and
11 appeals by rule, on a registrant not to exceed the cost of
12 processing the registration. The department of inspections and
13 appeals shall adopt rules for the revocation of a registration
14 issued to a manufacturer who manufactures a consumable hemp
15 product not in compliance with [this chapter](#).

16 c. A person selling a consumable hemp product in this state
17 shall register with the department of inspections and appeals
18 on a form prescribed by the department of inspections and
19 appeals ~~by rule and shall keep on the premises of the person's~~
20 ~~business a copy of the certificate of analysis issued pursuant~~
21 ~~to [section 204.8](#) for the hemp contained in the consumable~~
22 ~~hemp products sold by the person~~. The registration form and
23 information required to be included on the registration form
24 shall be prescribed by rules adopted by the department of
25 inspections and appeals. However, the registration form shall
26 include the name and the street or road address of the person's
27 established place of business. The department of inspections
28 and appeals may impose a fee, established by the department of
29 inspections and appeals by rule, on a registrant not to exceed
30 the cost of processing the registration. The department of
31 inspections and appeals shall adopt rules for the revocation of
32 a registration issued to a person who sells a consumable hemp
33 product not in compliance with [this section](#).

34 Sec. 2. Section 204.7, subsection 8, Code 2023, is amended
35 by adding the following new paragraphs:

1 NEW PARAGRAPH. *0d.* For hemp contained in consumable hemp
2 products sold at retail, a registrant must keep copies of
3 certificates of analysis issued pursuant to section 204.8 at
4 the registrant's established place of business described in
5 paragraph "c".

6 NEW PARAGRAPH. *00d.* (1) Except as provided in subparagraph
7 (2), a registrant must conduct in-person, face-to-face retail
8 sales of all consumable hemp products at the registrant's
9 established place of business as described in paragraph "c".

10 (2) The registrant may conduct in-person, face-to-face
11 sales of consumable hemp products at one or more temporary
12 locations if all of the following apply:

13 (a) Information regarding the registrant's established
14 place of business has been included on registration forms as
15 provided in paragraph "c" for the last two complete registration
16 years.

17 (b) Rules adopted by the department of inspections and
18 appeals do not prohibit the use of the temporary location.

19 **Sec. 3. ADMINISTRATIVE RULES.** The department of
20 inspections and appeals shall submit a notice of intended
21 action to the administrative rules coordinator and the
22 Iowa administrative code editor pursuant to section 17A.4,
23 subsection 1, paragraph "a", not later than September 1, 2023,
24 for the adoption of rules required to implement this Act.

25 **Sec. 4. EFFECTIVE DATE.** The section of this Act requiring
26 the department of inspections and appeals to submit a notice
27 of intended action for the adoption of rules, being deemed of
28 immediate importance, takes effect upon enactment.

29

EXPLANATION

30 The inclusion of this explanation does not constitute agreement with
31 the explanation's substance by the members of the general assembly.

32 **BACKGROUND.** The "Iowa Hemp Act" (IHA) regulates the
33 production, manufacture, and sale of hemp, including the
34 manufacture and sale of consumable hemp products (CHP) in
35 this state (Code chapter 204) under authority granted to the

1 department of agriculture and land stewardship (DALs) by the
2 federal government (Code section 204.3). Hemp is the plant
3 Cannabis sativa L., or any part of that plant, with a delta-9
4 tetrahydrocannabinol concentration (THC) of 0.3 percent or
5 less on a dry weight basis when tested and includes a product
6 derived from such hemp when manufactured (Code section 204.2).
7 Hemp or an associated hemp product meeting IHA requirements
8 is excluded from the list of controlled substances (Code
9 section 124.204). A CHP is a type of hemp product that
10 includes a substance metabolized or is otherwise subject to
11 a biotransformative process when introduced into the human
12 body (Code section 204.2 and amended Code section 204.7). The
13 IHA does not recognize a CHP that is inhaled (Code section
14 204.2). DALs regulates the production, harvest, processing,
15 transportation, and manufacture of hemp (21 IAC ch. 96) and
16 the department of inspections and appeals (DIA) regulates the
17 manufacture and sale of CHP (amended Code section 204.7 and
18 481 IAC ch. 32). A manufacturer or person engaged in the
19 retail sale of a CHP must register with DIA (amended Code
20 section 204.7(8)). A registration expires one year after being
21 approved (481 IAC 32.2(5)).

22 BILL'S PROVISIONS. The bill expressly authorizes DIA to
23 obtain information by registrants regarding their established
24 place of business, including the name and address of a
25 registrant engaged in the retail sale of CHP. In order to
26 enhance the readability of the Code, the bill moves a provision
27 that requires a registrant engaged in the retail sale of CHP
28 to keep certain records regarding THC levels of hemp used to
29 manufacture the CHP. The bill requires that when a registrant
30 makes an in-person, face-to-face retail sale of CHP, the sale
31 must be made at the registrant's established place of business
32 as described on the registration form. However, the bill
33 provides for an exception subject to two conditions: (1) the
34 registrant's established place of business must have been
35 included on a registration form for at least the prior two

1 complete years, and (2) the temporary location must not be
2 prohibited by DIA rules.

3 APPLICABLE PENALTIES. DIA may revoke a registration issued
4 to a person who sells CHP in violation of the IHA (amended
5 Code section 204.7(8)(c)). A registrant violating the IHA is
6 subject to a civil penalty of not less than \$500 and not more
7 than \$2,500 (Code section 204.12).

8 ADMINISTRATIVE RULES AND EFFECTIVE DATE. The bill requires
9 DIA to begin the process of adopting rules required to
10 implement the bill's provisions by September 1, 2023, and that
11 part of the bill takes effect upon enactment.